

1

HOUSE JOINT RESOLUTION NO. 2

INTRODUCED BY HARRINGTON

4 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

2

6 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ESTABLISHING AN OFFICIAL  
7 ESTIMATE OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1998-99 BIENNIAL FOR THE PURPOSE OF ACHIEVING A  
8 BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1996,  
9 GENERAL FUND BALANCE THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING THE  
10 GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS  
11 OFFICIAL REVENUE ESTIMATES FOR FISCAL YEARS 1997-98 AND 1998-99.

12

13 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a budget for the ensuing  
14 fiscal period, containing in detail for all operating funds the proposed expenditures and estimated revenue of the state; and

15 WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature from appropriating funds in excess of the anticipated  
16 revenue of the state; and

17 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate the amount of revenue projected to be  
18 available for legislative appropriation and to introduce legislation setting forth the Committee's current revenue estimate for the biennium; and

19 WHEREAS, section 5-12-302(7), MCA, requires the Legislative Fiscal Analyst to assist the Revenue Oversight Committee in its revenue  
20 estimating duties; and

21 WHEREAS, because of the complexity of the myriad variables involved in revenue forecasting and the diversity of sources from which state

1 revenue is obtained, it is increasingly difficult to project revenue in order to prepare a balanced budget for the ensuing biennium; and  
2 WHEREAS, the revenue estimates contained in this resolution provide the basis for a comprehensive analysis of the state's financial  
3 condition; and  
4 WHEREAS, it is in the best interests of the state that revenue forecasts be discussed and arrived at in public hearings at which all interested  
5 parties may attend and participate.

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7 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

8 That the state general fund revenue for fiscal years 1997, 1998, and 1999 be estimated to be \$982,821,000, \$1,028,146,000, and  
9 \$1,056,108,000, respectively.

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11 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved fund balance of \$30,145,000 for the general  
12 fund, prepared according to generally accepted accounting principles as published in the audited state financial statements as of June 30, 1996.

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14 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use the revenue estimates (and the underlying  
15 assumptions) contained in this resolution as the official revenue estimates for fiscal years 1997-98 and 1998-99.

#### GENERAL FUND REVENUE

17 The projections for total general fund revenue during the 1998-99 biennium are based on an assumption of a continuation of Montana law  
18 as it existed on January 1, 1997.

19 The revenue estimates contained in the following tables are based on the assumptions stated previously in this resolution and those listed  
20 in the following tables.

## ECONOMIC ASSUMPTIONS

## Revenue Oversight Committee

3	Year	Assumption	1996	1997	1998	1999
4		Montana Population & Employment				
5	CY	Population July 1 (Millions)	0.886	0.901	0.917	0.934
6	CY	Nonfarm Employment (Thousands)	358.300	366.000	373.900	382.000
7		Montana Income				
8	CY	Total Personal Income (Millions)	\$16,551.630	\$17,349.705	\$18,189.688	\$19,098.768
9	CY	Net Farm Income (Millions)	\$503.363	\$514.746	\$536.271	\$536.039
10	CY	Wage & Salary Income (Millions)	\$8,092.569	\$8,482.358	\$8,897.264	\$9,336.430
11		Individual Income Tax				
12	CY	Wage & Salary Growth (Percent Change)	5.14%	4.82%	4.89%	4.94%
13	CY	Interest/Dividend Growth (Percent Change)	4.43%	4.26%	2.94%	2.31%
14	CY	Net Business Income (Percent Change)	3.80%	3.60%	2.50%	1.60%
15	CY	Capital Gains/Losses Income (Percent Change)	5.00%	5.00%	5.00%	5.00%
16	CY	Rent/Royalty/Partnership Income (Percent Change)	3.40%	3.80%	4.90%	5.80%
17	CY	All Other Income (Percent Change)	6.93%	5.59%	5.77%	6.25%
18	FY	Individual Income Tax Audits (Millions)	\$10.318	\$11.238	\$12.199	\$12.541
19		Corporate Income Tax				
20	CY	US Corporate Profits Before Taxes (Billions)	\$621.600	\$644.100	\$660.100	\$670.400
21	CY	MT Corporate Taxable Income (Millions)	\$851.240	\$854.163	\$868.360	\$891.854

<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY Corporate Income Tax Audits (Millions)	\$7.972	\$8.222	\$8.447	\$8.214
2	Inflation & Interest Rates				
3	CY Consumer Price Index (Percent Change)	2.89%	2.68%	2.73%	2.72%
4	CY Short-Term Interest Rate (Percent)	5.20%	5.04%	4.91%	4.90%
5	CY Long-Term Interest Rate (Percent)	7.38%	6.61%	6.35%	6.31%
6	FY Short-Term Interest Rate (Percent)	5.47%	5.12%	4.98%	4.91%
7	FY Long-Term Interest Rate (Percent)	7.45%	7.00%	6.48%	6.33%
8	FY TCA Average Yield (Percent)	5.49%	5.51%	5.31%	5.31%
9	FY TCA Average Balance w/Trans (Millions)	\$296.929	\$275.296	\$272.851	\$265.363
10	FY TRANS Issue Size (Millions)	\$101.200	\$59.500	\$59.500	\$59.500
11	FY Permanent Trust Gains/Losses (Millions)	\$0.363	\$0.363	\$0.363	\$0.363
12	FY Treasure State Endowment Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
13	FY Common School Trust Gains/Losses (Millions)	\$0.196	\$0.173	\$0.185	\$0.179
14	FY Resource Indemnity Trust Gains/Losses (Millions)	\$0.235	\$0.235	\$0.235	\$0.235
15	FY Parks Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
16	FY Arts Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
17	Natural Resource Tax				
18	CY Severance Tax Oil Production (Million Barrels)	15.339	14.843	14.405	14.070
19	CY Montana Oil Price (Per Barrel)	\$18.035	\$17.649	\$17.625	\$18.244
20	CY Severance Tax Coal Production (Million Tons)	32.352	35.499	35.707	35.692

<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	CY Montana Coal Price (CSP/Ton)	\$7.356	\$7.340	\$7.217	\$7.073
2	CY Severance Tax Natural Gas Production (MMCF)	54.436	54.480	54.712	54.902
3	CY Montana Natural Gas Price (Per MCF)	\$1.393	\$1.183	\$1.098	\$1.167
4	CY Copper Production (Million lbs.)	102.144	90.261	98.521	98.521
5	CY Silver Production (Million ozs.)	1.385	1.411	1.451	1.451
6	CY Gold Production (Million ozs.)	0.298	0.304	0.375	0.375
7	CY Lead Production (Million lbs.)	10.250	10.250	10.250	10.250
8	CY Zinc Production (Million lbs.)	25.500	25.500	25.500	25.500
9	CY Molybdenum Production (Million lbs.)	10.021	10.617	9.170	9.170
10	CY Palladium Production (Million ozs.)	0.211	0.307	0.368	0.368
11	CY Platinum Production (Million ozs.)	0.064	0.093	0.112	0.112
12	CY Nickel Production (Million lbs.)	0.000	0.000	0.000	0.000
13	CY Rhodium Production (Million ozs.)	0.000	0.000	0.000	0.000
14	CY Copper Price (Per lb.)	\$0.900	\$0.900	\$0.900	\$0.900
15	CY Silver Price (Per oz.)	\$5.000	\$5.000	\$5.000	\$5.000
16	CY Gold Price (Per oz.)	\$380.000	\$380.000	\$380.000	\$380.000
17	CY Lead Price (Per lb.)	\$0.300	\$0.300	\$0.300	\$0.300
18	CY Zinc Price (Per lb.)	\$0.450	\$0.450	\$0.450	\$0.450
19	CY Molybdenum Price (Per lb.)	\$2.500	\$2.500	\$2.500	\$2.500
20	CY Palladium Price (Per oz.)	\$150.000	\$150.000	\$150.000	\$150.000

	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	CY	Platinum Price (Per oz.)	\$425.000	\$425.000	\$425.000	\$425.000
2	CY	Nickel Price (Per lb.)	\$3.000	\$3.000	\$3.000	\$3.000
3	CY	Rhodium Price (Per oz.)	\$725.000	\$725.000	\$725.000	\$725.000
4	CY	Total Metal Value (Millions)	\$310.718	\$330.560	\$378.596	\$378.596
5	FY	Total Federal Forest Receipts (Millions)	\$42.223	\$33.136	\$28.000	\$28.000
6		Property Value				
7	FY	Total Statewide Taxable Valuation (Millions)	\$1,813.439	\$1,842.380	\$2,227.536	\$2,257.149
8	FY	Net/Gross Proceeds Taxable Valuation (Millions)	\$13.252	\$16.753	\$13.781	\$14.460
9	FY	All Other Taxable Valuation (Millions)	\$1,800.187	\$1,825.627	\$2,213.755	\$2,242.689
10	FY	Statewide Vehicle Value (Millions)	\$2,745.651	\$2,926.120	\$3,113.584	\$3,308.910
11		Consumption Tax				
12	FY	Liquor Unit Sales (Millions)	\$5.528	\$5.052	\$5.052	\$5.052
13	FY	Liquor Cost Per Unit	\$9.506	\$10.495	\$10.721	\$10.972
14	FY	Liquor Net Sales (Millions)	\$40.644	\$37.454	\$38.263	\$39.158
15	FY	Liquor Operations Budget (Millions)	\$3.033	\$1.607	\$1.624	\$1.640
16	FY	Beer Barrels (Millions)	0.774	0.784	0.793	0.802
17	FY	Wine Liters (Millions)	5.334	5.341	5.348	5.355
18	FY	Cigarette Packs (Millions)	75.979	73.448	71.001	68.636
19	FY	Tobacco Value (Millions)	\$12.636	\$13.613	\$14.651	\$15.754
20	FY	Gallons of Gasoline (Millions)	488.855	493.744	498.681	503.668

<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY   Gallons of Diesel (Millions)	257.207	259.779	262.377	265.001
2	FY   Video Machine Net Income (Millions)	\$213.565	\$222.301	\$231.432	\$241.245
3	FY   Total Lottery Sales (Millions)	\$31.761	\$30.795	\$29.858	\$28.949
4	FY   Insurance Premiums Growth (Percent Change)	7.60%	4.88%	4.82%	4.77%
5	FY   Insurance Premiums Tax Credit (Millions)	\$3.357	\$2.524	\$1.995	\$1.793
6	FY   Police & Firemen Retirement (Millions)	\$9.866	\$10.140	\$10.415	\$10.698
7	FY   Telephone Taxable Income (Millions)	\$261.607	\$294.736	\$301.722	\$308.872
8	FY   Kilowatt Hours Produced (Millions)	18,322.356	19,817.529	21,318.646	21,239.246
9	Other				
10	FY   Medicaid Reimbursements (Millions)	\$13.035	\$13.397	\$13.759	\$14.134
11	FY   Montana Development Center Debt Service (Millions)	\$0.000	\$1.090	\$1.092	\$1.091
12		Current Law			
13		General Fund Revenue Estimates			
14		(In Millions of Dollars)			
15		Actual	Estimated	Estimated	Estimated
16	<u>Source of Revenue</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
17	Individual Income Tax	\$350.161	\$367.864	\$383.561	\$401.044
18	Corporation Income Tax	59.337	59.947	61.043	61.514
19	Long-Range Bond Excess	52.369	51.704	53.145	54.753
20	TCA Interest Earnings	16.294	15.162	14.490	14.101

<u>Source of Revenue</u>	<u>Actual FY 1996</u>	<u>Estimated FY 1997</u>	<u>Estimated FY 1998</u>	<u>Estimated FY 1999</u>
1 Permanent Trust Interest Earnings	41.532	41.969	42.611	43.218
2 Coal Severance Tax	9.714	10.006	10.403	10.240
3 Oil Severance Tax	9.730	10.175	9.745	9.645
4 Metalliferous Mines Tax	4.026	3.038	3.235	3.703
5 Natural Gas Severance Tax	0.936	0.877	0.778	0.776
6 Electrical Energy Tax	3.520	3.635	3.910	3.895
7 Telephone License Tax	5.712	5.305	5.431	5.560
8 Railroad Car Tax	0.780	4.457	1.103	1.103
9 Insurance Premiums Tax	26.133	28.438	30.612	32.525
10 Institution Reimbursements	16.142	15.471	15.803	16.193
11 Video Gaming Tax	10.666	11.115	11.572	12.062
12 Inheritance Tax	15.404	13.575	13.914	14.262
13 Liquor Excise Tax	7.203	6.636	6.779	6.938
14 Liquor Profits	6.300	6.322	5.455	5.604
15 Beer Tax	1.356	1.372	1.389	1.405
16 Wine Tax	0.846	0.835	0.836	0.837
17 Driver's License Fee	2.574	2.681	2.721	2.765
18 Vehicle Fee	4.805	5.121	5.449	5.791
19 Motor Vehicle License Fee	9.801	9.841	9.814	9.820
20 Contractor's Gross Receipts Tax	1.621	1.507	1.565	1.520

<u>Source of Revenue</u>	Actual <u>FY 1996</u>	Estimated <u>FY 1997</u>	Estimated <u>FY 1998</u>	Estimated <u>FY 1999</u>
1 All Other Revenue	27.298	28.979	26.784	27.559
2 40-Mill Property Tax	81.754	75.962	85.158	84.381
3 55-Mill Property Tax	122.329	128.398	149.329	151.318
4 1.5-Mill Property Tax	0.000	1.101	1.242	1.260
5 Lottery Profit	7.859	7.736	7.266	6.838
6 Common School Interest & Income	42.032	42.493	42.238	43.998
7 US Federal Royalty	24.959	21.099	20.765	21.480
8 Total General Fund Revenue	\$963.193	\$982.821	\$1,028.146	\$1,056.108
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14	CY	Rent/Royalty/Partnership Income (Percent Change)	3.40%	3.80%	4.90%	5.80%
15			5.00%	5.00%	5.00%	5.00%
16	CY	TAXABLE PENSION/SOCIAL SECURITY (PERCENT CHANGE)	8.00%	8.00%	8.00%	8.00%
17	CY	All Other Income (Percent Change)	6.93%	5.59%	5.77%	6.25%
18			811.38%	89.06%	47.21%	32.27%
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	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	Corporate Income Tax					
2	CY US Corporate Profits Before Taxes (Billions)		\$621.600	\$644.100	\$660.100	\$670.400
3			<u>\$644.900</u>	<u>\$676.500</u>	<u>\$706.300</u>	<u>\$721.000</u>
4	CY MT Corporate Taxable Income (Millions)		\$851.240	\$854.163	\$868.360	\$891.854
5			<u>\$853.735</u>	<u>\$871.958</u>	<u>\$892.151</u>	<u>\$912.941</u>
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	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY	Arts Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
2		Natural Resource Tax				
3	CY	Severance Tax Oil Production (Million Barrels)	15.339	14.843	14.405	14.070
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18	CY	Rhodium Production (Million ozs.)	0.000	0.000	0.000	0.000
19	CY	Copper Price (Per lb.)	\$0.900	\$0.900	\$0.900	\$0.900
20	CY	Silver Price (Per oz.)	\$5.000	\$5.000	\$5.000	\$5.000

	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	CY	Gold Price (Per oz.)	\$380.000	\$380.000	\$380.000	\$380.000
2	CY	Lead Price (Per lb.)	\$0.300	\$0.300	\$0.300	\$0.300
3	CY	Zinc Price (Per lb.)	\$0.450	\$0.450	\$0.450	\$0.450
4	CY	Molybdenum Price (Per lb.)	\$2.500	\$2.500	\$2.500	\$2.500
5	CY	Palladium Price (Per oz.)	\$150.000	\$150.000	\$150.000	\$150.000
6	CY	Platinum Price (Per oz.)	\$425.000	\$425.000	\$425.000	\$425.000
7	CY	Nickel Price (Per lb.)	\$3.000	\$3.000	\$3.000	\$3.000
8	CY	Rhodium Price (Per oz.)	\$725.000	\$725.000	\$725.000	\$725.000
9	CY	Total Metal Value (Millions)	\$310.718	\$330.560	\$378.596	\$378.596
10	FY	Total Federal Forest Receipts (Millions)	\$42.223	\$33.136	\$28.000	\$28.000
11		Property Value				
12	FY	Total Statewide Taxable Valuation (Millions)	\$1,813.439	<u>\$1,842.380</u>	<u>\$2,227.536</u>	<u>\$2,257.149</u>
13				<u>\$1,855.995</u>	<u>\$2,231.245</u>	<u>\$2,252.484</u>
14	FY	Net/Gross Proceeds Taxable Valuation (Millions)	\$13.252	\$16.753	\$13.781	\$14.460
15	FY	All Other Taxable Valuation (Millions)	\$1,800.187	<u>\$1,825.627</u>	<u>\$2,213.756</u>	<u>\$2,242.689</u>
16				<u>\$1,839.242</u>	<u>\$2,217.464</u>	<u>\$2,238.024</u>
17	FY	Statewide Vehicle Value (Millions)	\$2,745.651	<u>\$2,926.120</u>	<u>\$3,113.584</u>	<u>\$3,308.810</u>
18				<u>\$2,973.540</u>	<u>\$3,187.635</u>	<u>\$3,415.551</u>
19		<u>SB 417 REIMBURSEMENT DEDUCTION</u>	<u>\$2.777</u>	<u>\$7.338</u>	<u>\$12.544</u>	<u>\$14.685</u>
20		<u>SB 417 REIMBURSEMENT: TAXING JURISDICTIONS EXPERIENCING A CLASS EIGHT MARKET VALUE INCREASE IN EXCESS OF 3.4%</u>				

<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>1</u> <u>FROM TAX YEAR 1995 TO TAX YEAR 1996 WERE ASSUMED TO INCREASE AT THAT RATE FOR TAX YEARS 1997, 1998, AND 1999. TAXING</u>					
<u>2</u> <u>JURISDICTIONS EXPERIENCING A CLASS EIGHT MARKET VALUE CHANGE OF 3.4% OR LESS FROM TAX YEAR 1995 TO TAX YEAR 1996 WERE</u>					
<u>3</u> <u>ASSUMED TO INCREASE AT THE PROJECTED AVERAGE RATE OF 3.4% FOR TAX YEARS 1997, 1998, AND 1999.</u>					
<u>4</u> Consumption Tax					
5	FY Liquor Unit Sales (Millions)	\$5.528	\$5.052	\$5.052	\$5.052
6	FY Liquor Cost Per Unit	\$9.506	\$10.495	\$10.721	\$10.972
7	FY Liquor Net Sales (Millions)	\$40.644	\$37.454	\$38.263	\$39.158
8	FY Liquor Operations Budget (Millions)	\$3.033	\$1.607	\$1.624	\$1.640
9	FY Beer Barrels (Millions)	0.774	0.784	0.793	0.802
10	FY Wine Liters (Millions)	5.334	5.341	5.348	5.355
11	FY Cigarette Packs (Millions)	75.979	73.448	71.001	68.636
12	FY Tobacco Value (Millions)	\$12.636	\$13.613	\$14.651	\$15.754
13	FY Gallons of Gasoline (Millions)	488.855	493.744	498.681	503.668
14	FY Gallons of Diesel (Millions)	257.207	259.779	262.377	265.001
15	FY Video Machine Net Income (Millions)	\$213.565	\$222.301	\$231.432	\$241.245
16	FY Total Lottery Sales (Millions)	\$31.761	\$30.795	\$29.858	\$28.949
17	FY Insurance Premiums Growth (Percent Change)	7.60%	4.88%	4.82%	4.77%
18	FY Insurance Premiums Tax Credit (Millions)	\$3.357	\$2.524	\$1.995	\$1.793
19	FY Police & Firemen Retirement (Millions)	\$9.866	\$10.140	\$10.415	\$10.698
20	FY Telephone Taxable Income (Millions)	\$261.607	\$294.736	\$301.722	\$308.872

	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY	Kilowatt Hours Produced (Millions)	18,322.356	19,817.529	21,318.646	21,239.246
2	Other					
3	FY	Medicaid Reimbursements (Millions)	\$13.035	\$13.397	\$13.759	\$14.134
4	FY	Montana Development Center Debt Service (Millions)	\$0.000	\$1.090	\$1.092	\$1.091
5		Current Law				
6		General Fund Revenue Estimates				
7		(In Millions of Dollars)				
8			Actual	Estimated	Estimated	Estimated
9		<u>Source of Revenue</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
10		Individual Income Tax	\$350.161	\$367.864	\$383.561	\$401.044
11				\$368.736	\$386.824	\$405.315
12		Corporation Income Tax	59.337	59.947	61.043	61.514
13				61.350	63.010	63.677
14		Long-Range Bond Excess	52.369	51.704	53.146	54.763
15				51.951	53.687	55.414
16		TCA Interest Earnings	16.294	15.162	14.490	14.101
17		Permanent Trust Interest Earnings	41.532	41.969	42.611	43.218
18		Coal Severance Tax	9.714	10.006	10.403	10.240
19		Oil Severance Tax	9.730	10.175	9.745	9.645
20		Metalliferous Mines Tax	4.026	3.038	3.235	3.703

<u>Source of Revenue</u>	<u>Actual FY 1996</u>	<u>Estimated FY 1997</u>	<u>Estimated FY 1998</u>	<u>Estimated FY 1999</u>
1 Natural Gas Severance Tax	0.936	0.877	0.778	0.776
2 Electrical Energy Tax	3.520	3.635	3.910	3.895
3 Telephone License Tax	5.712	5.305	5.431	5.560
4 Railroad Car Tax	0.780	<u>4.457</u>	<u>1.103</u>	<u>1.103</u>
5		<u>6.224</u>	<u>2.003</u>	<u>2.003</u>
6 Insurance Premiums Tax	26.133	28.438	30.612	32.525
7 Institution Reimbursements	16.142	15.471	15.803	16.193
8 Video Gaming Tax	10.666	11.115	11.572	12.062
9 Inheritance Tax	15.404	<u>13.575</u>	<u>13.814</u>	<u>14.262</u>
10		<u>14.519</u>	<u>15.000</u>	<u>15.500</u>
11 Liquor Excise Tax	7.203	6.636	6.779	6.938
12 Liquor Profits	6.300	6.322	5.455	5.604
13 Beer Tax	1.356	1.372	1.389	1.405
14 Wine Tax	0.846	0.835	0.836	0.837
15 Driver's License Fee	2.574	<u>2.681</u>	<u>2.721</u>	<u>2.766</u>
16		<u>3.171</u>	<u>3.218</u>	<u>3.270</u>
17 Vehicle Fee	4.805	<u>5.121</u>	<u>5.448</u>	<u>5.781</u>
18		<u>5.204</u>	<u>5.578</u>	<u>5.977</u>
19 Motor Vehicle License Fee	9.801	9.841	9.814	9.820
20 Contractor's Gross Receipts Tax	1.621	1.507	1.565	1.520

<u>Source of Revenue</u>	<u>Actual FY 1996</u>	<u>Estimated FY 1997</u>	<u>Estimated FY 1998</u>	<u>Estimated FY 1999</u>
1 All Other Revenue	27.298	<u>28.979</u>	<u>26.784</u>	27.559
2		<u>30.379</u>	<u>28.184</u>	
3 40-Mill Property Tax	81.754	<u>76.962</u>	<u>85.158</u>	<u>84.381</u>
4		<u>76.971</u>	<u>84.890</u>	<u>85.057</u>
5 55-Mill Property Tax	122.329	<u>128.398</u>	<u>149.320</u>	<u>151.318</u>
6		<u>129.812</u>	<u>148.447</u>	<u>151.624</u>
7 1.5-Mill Property Tax	0.000	1.101	<u>1.242</u>	<u>1.260</u>
8			<u>1.267</u>	<u>1.296</u>
9 Lottery Profit	7.859	7.736	7.266	6.838
10 Common School Interest & Income	42.032	42.493	42.238	43.998
11 US Federal Royalty	24.959	21.099	20.765	21.480
12 Total General Fund Revenue	\$963.193	<u>\$982.821</u>	<u>\$1,028.146</u>	<u>\$1,056.108</u>
13		<u>\$992.450</u>	<u>\$1,036.805</u>	<u>\$1,067.051</u>
14		-END-		

HOUSE JOINT RESOLUTION NO. 2  
INTRODUCED BY HARRINGTON  
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

6 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ESTABLISHING AN OFFICIAL  
7 ESTIMATE OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 1998-99 BIENNIAL FOR THE PURPOSE OF ACHIEVING A  
8 BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1996,  
9 GENERAL FUND BALANCE THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REQUESTING THE  
10 GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS  
11 OFFICIAL REVENUE ESTIMATES FOR FISCAL YEARS 1997-98 AND 1998-99.

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE  
REPRINTED. PLEASE REFER TO SECOND READING COPY  
(YELLOW) FOR COMPLETE TEXT.**

### THIRD READING

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2ND RD -- 2ND HOUSE

HJ 2

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10 GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS  
11 OFFICIAL REVENUE ESTIMATES FOR FISCAL YEARS 1997-98 AND 1998-99.

WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal period, containing in detail for all operating funds the proposed expenditures and estimated revenue of the state; and

15 WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature from appropriating funds in excess of the anticipated  
16 revenue of the state; and

17 WHEREAS, section 5-18-107(5), MCA, requires the Revenue Oversight Committee to estimate the amount of revenue projected to be  
18 available for legislative appropriation and to introduce legislation setting forth the Committee's current revenue estimate for the biennium; and

19 WHEREAS, section 5-12-302(7), MCA, requires the Legislative Fiscal Analyst to assist the Revenue Oversight Committee in its revenue  
20 estimating duties; and

21 WHEREAS, because of the complexity of the myriad variables involved in revenue forecasting and the diversity of sources from which state

1 revenue is obtained, it is increasingly difficult to project revenue in order to prepare a balanced budget for the ensuing biennium; and  
2 WHEREAS, the revenue estimates contained in this resolution provide the basis for a comprehensive analysis of the state's financial  
3 condition; and  
4 WHEREAS, it is in the best interests of the state that revenue forecasts be discussed and arrived at in public hearings at which all interested  
5 parties may attend and participate.

6

7 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

8 That the state general fund revenue for fiscal years 1997, 1998, and 1999 be estimated to be ~~\$882,821,000~~ \$992,450,000,  
9 ~~\$1,028,146,000~~ \$1,036,805,000, and ~~\$1,056,108,000~~ \$1,067,051,000, respectively.

10

11 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved fund balance of \$30,145,000 for the general  
12 fund, prepared according to generally accepted accounting principles as published in the audited state financial statements as of June 30, 1996.

13

14 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use the revenue estimates (and the underlying  
15 assumptions) contained in this resolution as the official revenue estimates for fiscal years 1997-98 and 1998-99.

#### GENERAL FUND REVENUE

17 The projections for total general fund revenue during the 1998-99 biennium are based on an assumption of a continuation of Montana law  
18 as it existed on January 1, 1997.

19 The revenue estimates contained in the following tables are based on the assumptions stated previously in this resolution and those listed  
20 in the following tables.

ECONOMIC ASSUMPTIONS					
Revenue Oversight Committee					
Year	Assumption	1996	1997	1998	1999
4	Montana Population & Employment				
5	CY Population July 1 (Millions)	0.886	0.901	0.917	0.934
6	CY Nonfarm Employment (Thousands)	358.300	366.000	373.900	382.000
7	Montana Income				
8	CY Total Personal Income (Millions)	\$16,551.630	\$17,349.705	\$18,189.688	\$19,098.768
9	CY Net Farm Income (Millions)	\$503.363	\$514.746	\$536.271	\$536.039
10	CY Wage & Salary Income (Millions)	\$8,092.569	\$8,482.358	\$8,897.264	\$9,336.430
11	Individual Income Tax				
12	CY Wage & Salary Growth (Percent Change)	5.14%	4.82%	4.89%	4.94%
13	CY Interest/Dividend Growth (Percent Change)	4.43%	4.26%	2.94%	2.31%
14	CY Net Business Income (Percent Change)	3.80%	3.60%	2.50%	1.60%
15	CY Capital Gains/Losses Income (Percent Change)	5.00%	5.00%	5.00%	5.00%
16	CY Rent/Royalty/Partnership Income (Percent Change)	3.40%	3.80%	4.00%	5.80%
17		5.00%	5.00%	5.00%	5.00%
18	CY TAXABLE PENSION/SOCIAL SECURITY (PERCENT CHANGE)	8.00%	8.00%	8.00%	8.00%
19	CY All Other Income (Percent Change)	6.93%	5.59%	5.77%	6.25%
20		811.38%	89.06%	47.21%	32.27%
21	FY Individual Income Tax Audits (Millions)	\$10.318	\$11.238	\$12.199	\$12.541

<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	Corporate Income Tax				
2	CY US Corporate Profits Before Taxes (Billions)	\$621.600	\$644.100	\$660.100	\$670.400
3		\$644.900	\$676.500	\$706.300	\$721.000
4	CY MT Corporate Taxable Income (Millions)	\$851.240	\$854.163	\$868.360	\$891.854
5		\$853.735	\$871.958	\$892.151	\$912.941
6	FY Corporate Income Tax Audits (Millions)	\$7.972	\$8.222	\$8.447	\$8.214
7	Inflation & Interest Rates				
8	CY Consumer Price Index (Percent Change)	2.89%	2.68%	2.73%	2.72%
9	CY Short-Term Interest Rate (Percent)	5.20%	5.04%	4.91%	4.90%
10	CY Long-Term Interest Rate (Percent)	7.38%	6.61%	6.35%	6.31%
11	FY Short-Term Interest Rate (Percent)	5.47%	5.12%	4.98%	4.91%
12	FY Long-Term Interest Rate (Percent)	7.45%	7.00%	6.48%	6.33%
13	FY TCA Average Yield (Percent)	5.49%	5.51%	5.31%	5.31%
14	FY TCA Average Balance w/Trans (Millions)	\$296.929	\$275.296	\$272.851	\$265.363
15	FY TRANS Issue Size (Millions)	\$101.200	\$59.500	\$59.500	\$59.500
16	FY Permanent Trust Gains/Losses (Millions)	\$0.363	\$0.363	\$0.363	\$0.363
17	FY Treasure State Endowment Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
18	FY Common School Trust Gains/Losses (Millions)	\$0.196	\$0.173	\$0.185	\$0.179
19	FY Resource Indemnity Trust Gains/Losses (Millions)	\$0.235	\$0.235	\$0.235	\$0.235
20	FY Parks Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000

	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY	Arts Trust Gains/Losses (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
2		Natural Resource Tax				
3	CY	Severance Tax Oil Production (Million Barrels)	15.339	14.843	14.405	14.070
4	CY	Montana Oil Price (Per Barrel)	\$18.035	\$17.649	\$17.625	\$18.244
5	CY	Severance Tax Coal Production (Million Tons)	32.352	35.499	35.707	35.692
6	CY	Montana Coal Price (CSP/Ton)	\$7.356	\$7.340	\$7.217	\$7.073
7	CY	Severance Tax Natural Gas Production (MMCF)	54.436	54.480	54.712	54.902
8	CY	Montana Natural Gas Price (Per MCF)	\$1.393	\$1.183	\$1.098	\$1.167
9	CY	Copper Production (Million lbs.)	102.144	90.261	98.521	98.521
10	CY	Silver Production (Million ozs.)	1.385	1.411	1.451	1.451
11	CY	Gold Production (Million ozs.)	0.298	0.304	0.375	0.375
12	CY	Lead Production (Million lbs.)	10.250	10.250	10.250	10.250
13	CY	Zinc Production (Million lbs.)	25.500	25.500	25.500	25.500
14	CY	Molybdenum Production (Million lbs.)	10.021	10.617	9.170	9.170
15	CY	Palladium Production (Million ozs.)	0.211	0.307	0.368	0.368
16	CY	Platinum Production (Million ozs.)	0.064	0.093	0.112	0.112
17	CY	Nickel Production (Million lbs.)	0.000	0.000	0.000	0.000
18	CY	Rhodium Production (Million ozs.)	0.000	0.000	0.000	0.000
19	CY	Copper Price (Per lb.)	\$0.900	\$0.900	\$0.900	\$0.900
20	CY	Silver Price (Per oz.)	\$5.000	\$5.000	\$5.000	\$5.000

Year	Assumption	1996	1997	1998	1999
1	CY Gold Price (Per oz.)	\$380.000	\$380.000	\$380.000	\$380.000
2	CY Lead Price (Per lb.)	\$0.300	\$0.300	\$0.300	\$0.300
3	CY Zinc Price (Per lb.)	\$0.450	\$0.450	\$0.450	\$0.450
4	CY Molybdenum Price (Per lb.)	\$2.500	\$2.500	\$2.500	\$2.500
5	CY Palladium Price (Per oz.)	\$150.000	\$150.000	\$150.000	\$150.000
6	CY Platinum Price (Per oz.)	\$425.000	\$425.000	\$425.000	\$425.000
7	CY Nickel Price (Per lb.)	\$3.000	\$3.000	\$3.000	\$3.000
8	CY Rhodium Price (Per oz.)	\$725.000	\$725.000	\$725.000	\$725.000
9	CY Total Metal Value (Millions)	\$310.718	\$330.560	\$378.596	\$378.596
10	FY Total Federal Forest Receipts (Millions)	\$42.223	\$33.136	\$28.000	\$28.000
11	Property Value				
12	FY Total Statewide Taxable Valuation (Millions)	\$1,813.439	<u>\$1,842.380</u>	<u>\$2,227.636</u>	<u>\$2,267.149</u>
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17	FY Insurance Premiums Growth (Percent Change)	7.60%	4.88%	4.82%	4.77%
18	FY Insurance Premiums Tax Credit (Millions)	\$3.357	\$2.524	\$1.995	\$1.793
19	FY Police & Firemen Retirement (Millions)	\$9.866	\$10.140	\$10.415	\$10.698
20	FY Telephone Taxable Income (Millions)	\$261.607	\$294.736	\$301.722	\$308.872

	<u>Year</u>	<u>Assumption</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
1	FY	Kilowatt Hours Produced (Millions)	18,322.356	19,817.529	21,318.646	21,239.246
2	Other					
3	FY	Medicaid Reimbursements (Millions)	\$13.035	\$13.397	\$13.759	\$14.134
4	FY	Montana Development Center Debt Service (Millions)	\$0.000	\$1.090	\$1.092	\$1.091
5			Current Law			
6			General Fund Revenue Estimates			
7			(In Millions of Dollars)			
8			Actual	Estimated	Estimated	Estimated
9		<u>Source of Revenue</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
10		Individual Income Tax	\$350.161	\$367.864	\$383.561	\$401.044
11				\$368.736	\$386.824	\$405.315
12		Corporation Income Tax	59.337	60.047	61.043	61.514
13				61.350	63.010	63.677
14		Long-Range Bond Excess	52.369	51.704	53.145	54.753
15				51.951	53.687	55.414
16		TCA Interest Earnings	16.294	15.162	14.490	14.101
17		Permanent Trust Interest Earnings	41.532	41.969	42.611	43.218
18		Coal Severance Tax	9.714	10.006	10.403	10.240
19		Oil Severance Tax	9.730	10.175	9.745	9.645
20		Metalliferous Mines Tax	4.026	3.038	3.235	3.703

<u>Source of Revenue</u>	<u>Actual FY 1996</u>	<u>Estimated FY 1997</u>	<u>Estimated FY 1998</u>	<u>Estimated FY 1999</u>
1 Natural Gas Severance Tax	0.936	0.877	0.778	0.776
2 Electrical Energy Tax	3.520	3.635	3.910	3.895
3 Telephone License Tax	5.712	5.305	5.431	5.560
4 Railroad Car Tax	0.780	<u>4.467</u>	<u>1.103</u>	<u>1.103</u>
5		<u>6.224</u>	<u>2.003</u>	<u>2.003</u>
6 Insurance Premiums Tax	26.133	28.438	30.612	32.525
7 Institution Reimbursements	16.142	15.471	15.803	16.193
8 Video Gaming Tax	10.666	11.115	11.572	12.062
9 Inheritance Tax	15.404	<u>13.676</u>	<u>13.014</u>	<u>14.262</u>
10		<u>14.519</u>	<u>15.000</u>	<u>15.500</u>
11 Liquor Excise Tax	7.203	6.636	6.779	6.938
12 Liquor Profits	6.300	6.322	5.455	5.604
13 Beer Tax	1.356	1.372	1.389	1.405
14 Wine Tax	0.846	0.835	0.836	0.837
15 Driver's License Fee	2.574	<u>2.681</u>	<u>2.721</u>	<u>2.765</u>
16		<u>3.171</u>	<u>3.218</u>	<u>3.270</u>
17 Vehicle Fee	4.805	<u>5.121</u>	<u>5.449</u>	<u>5.791</u>
18		<u>5.204</u>	<u>5.578</u>	<u>5.977</u>
19 Motor Vehicle License Fee	9.801	9.841	9.814	9.820
20 Contractor's Gross Receipts Tax	1.621	1.507	1.565	1.520

<u>Source of Revenue</u>	<u>Actual FY 1996</u>	<u>Estimated FY 1997</u>	<u>Estimated FY 1998</u>	<u>Estimated FY 1999</u>
1 All Other Revenue	27.298	<u>28.879</u>	<u>26.784</u>	27.559
2		<u>30.379</u>	<u>28.184</u>	
3 40-Mill Property Tax	81.754	<u>76.962</u>	<u>85.168</u>	<u>84.381</u>
4		<u>76.971</u>	<u>84.890</u>	<u>85.057</u>
5 55-Mill Property Tax	122.329	<u>129.398</u>	<u>140.320</u>	<u>161.318</u>
6		<u>129.812</u>	<u>148.447</u>	<u>151.624</u>
7 1.5-Mill Property Tax	0.000	1.101	<u>1.242</u>	<u>1.260</u>
8			<u>1.267</u>	<u>1.296</u>
9 Lottery Profit	7.859	7.736	7.266	6.838
10 Common School Interest & Income	42.032	42.493	42.238	43.998
11 US Federal Royalty	24.959	21.099	20.765	21.480
12 Total General Fund Revenue	\$963.193	<u>\$982.821</u>	<u>\$1,028.146</u>	<u>\$1,056.108</u>
13		<u>\$992.450</u>	<u>\$1,036.805</u>	<u>\$1,067.051</u>
14		-END-		